

## **MINUTES**

### **MONTANA HOUSE OF REPRESENTATIVES 57th LEGISLATURE - REGULAR SESSION COMMITTEE ON BUSINESS AND LABOR**

**Call to Order:** By **CHAIRMAN JOE MCKENNEY**, on April 2, 2001 at 9:00 A.M., in Room 172 Capitol.

#### **ROLL CALL**

**Members Present:**

Rep. Joe McKenney, Chairman (R)  
Rep. Gary Matthews, Vice Chairman (D)  
Rep. Sylvia Bookout-Reinicke (R)  
Rep. Roy Brown (R)  
Rep. Nancy Fritz (D)  
Rep. Dave Gallik (D)  
Rep. Kathleen Galvin-Halcro (D)  
Rep. Dennis Himmelberger (R)  
Rep. Carol C. Juneau (D)  
Rep. Jim Keane (D)  
Rep. Rick Laible (R)  
Rep. Bob Lawson (R)  
Rep. John Musgrove (D)  
Rep. William Price (R)  
Rep. Allen Rome (R)  
Rep. Donald Steinbeisser (R)  
Rep. James Whitaker (R)

**Members Excused:** Rep. Rod Bitney, Vice Chairman (R)  
Rep. Brett Tramelli (D)

**Members Absent:** None.

**Staff Present:** Gordon Higgins, Legislative Branch  
Jane Nofsinger, Committee Secretary

**Please Note:** These are summary minutes. Testimony and discussion are paraphrased and condensed.

**Committee Business Summary:**

Hearing(s) & Date(s) Posted: SB514, SB520, SB509, 3/30/2001  
Executive Action:

**HEARING ON SB514**

**Sponsor:** SEN. LORENTS GROSFIELD, SD13, BIG TIMBER

**Proponents:** Dan Hoffman, Department of Revenue  
Stuart Doggett, Montana Land Title Assn.  
Rita Gowen, Helena Abstract and Title

**Opponents:** None

**Opening Statement by Sponsor:**

**SEN. LORENTS GROSFIELD, SD13, BIG TIMBER,** told the committee this bill began durin a conversation with an attorney who practiced real estate law and was thinking of retiring. He said he could retire by charging the state a finder's fee for locating real estate transactions by non-resident landowners on which taxes had not been collected. He said often these buyers purchase the property and after a few months or years, they decide they don't like it and they sell it, again to a non-resident. He told the committee, the question is how does the Department of Revenue know about this transaction and do they file a Montana income tax. He said they are supposed to file and they do owe tax on the capital gains, but often they don't know about this or they don't do it. He said sometimes they are told "with a wink" they have to file. He said he believed Montana lost a significant amount of tax on these types of non-resident sales. He noted that the IRS is notified of the sale on 1099S, but the Department of Revenue is not notified. This bill says the transaction must be filed with the state. He concluded by saying there might be a significant amount of money in these lost taxes, and especially since non-residents are not paying what they should.

**Proponents' Testimony:**

**Mr. Hoffman** said this bill will help close a gap. He said he has asked for voluntary compliance from non-resident sellers and has gotten some. This bill aids with compliance, he said.

**Mr. Doggett** said his members were concerned about the section pertaining to agricultural land. He asked the committee to consider restoring the bill to its original intent and removing Section 1 pertaining to agricultural land.

**Ms. Gowen** said she, too, supported the bill as it originally stood, and had a problem with the Senate amendment regarding agricultural land.

**Opponents' Testimony:** None

**Questions from Committee Members and Responses:**

**REP. ROME** asked **Mr. Hoffman** if the tax was on income or capital gains. **Mr. Hoffman** said the tax is assessed on capital gains which are included under income, so income rates would apply.

**Closing by Sponsor:**

**SEN. GROSFIELD** said he did not know how much capital gain there was but one real estate agent told him that last year in three counties he knew of \$2.1 million which would fall into the category of non-resident transactions. He told the committee he thought they had a good understanding of the bill, and he thanked them for their questions and a good hearing.

**HEARING ON SB520**

**Sponsor:** **SEN. JOHN BOHLINGER, SD7, BILLINGS**

**Proponents:** **Bob Le Coure, Club Boxing**

**Opponents:** **Gary Langley, Chairman, Montana Board of Athletics**  
**Bruce Spencer, attorney, Montana Board of Athletics**

**Opening Statement by Sponsor:**

**SEN. JOHN BOHLINGER, SD7, BILLINGS** told the committee when he moved to a new school at age 7 he encountered some mean kids. He said his father bought him a pair of boxing gloves and showed him how to defend himself. He joined the Police Athletic League at 10 and boxed during his time in the Marine Corps and at the university. He said the boxing program gave him confidence, discipline, sport and experience.

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He said this bill allowed men 18 years of age or older who enjoyed the sport and discipline to join a club for boxing. He said the bill had met with opposition from the Board of Athletics. He said their concerns included jurisdiction, 90 second rounds, health problems, fees, amateur standing, and referee compensation. He said he was glad the process allowed a dialog to work these things out or leave them to common wisdom.

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**Proponents' Testimony:**

**Mr. LeCoure** said he had been actively involved in boxing for 50 years and had been a USA Junior Boxing Olympic Team Coach. He said that club boxing was "something new, a brand new product." He said it cannot be regulated under the Board of Athletics. He addressed some of the Board's concerns saying that they had no authority to regulate boxers over 16 years of age, Alaska had used 90 second rounds for 12 years, judges need to be paid, nurses and headgear could be mandatory, and if fees for officials were \$10 the Board would receive more money than it is getting now. He said this bill would not have been proposed if they had thought current legislation covered it.

**Opponents' Testimony:**

**Mr. Langley** said he had 40 years of boxing experience. He noted that once an amateur steps into a ring for money they lose their amateur status. He said this bill wants to establish club boxing, but the bill does not define it.

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He said without headgear boxers are subject to cuts and bleeding. He stated that 90 seconds is too long for a round. He continued saying that boxing has a problem with integrity and it is the job of the Board to protect the public interest. He said if a promoter appoints an official he has a vested interest in the match and this creates the appearance of impropriety. He testified there was a way without passing any law to incorporate club boxing within rule-making. "As Chairman of the Board of Athletics, I make a commitment to do that," he said. First, he said, he wanted to talk to Boards of Athletics in other states to see what they have, and what they do.

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**Mr. Spencer** said he was concerned over a lack of notice. He stated the bill passed in the Senate with the understanding it would get a full hearing in the House. He told the committee this hearing was the Board's only chance to have a hearing now. He said the Board was more than willing to establish club boxing, but didn't feel there needed to be a law. He said the Board did not want to stand in the way, but also did not want to create more problems than it solved. He concluded this was not a good bill and would create more problems than it solved.

**Questions from Committee Members and Responses:**

**REP. GALVIN-HALCRO** asked if the line about prizes and purses could be amended so it didn't apply to amateurs, and did amateurs

receive purses today. **SEN. BOHLINGER** said, "It is your bill now so you can amend it if necessary." He also said amateurs receive trophies and ribbons, but no prize money. **REP. GALVIN-HALCRO** asked if professional would be allowed to box as amateurs. **SEN. BOHLINGER** said that was a good question and these concerns must be addressed because the issues of health and safety cannot be put aside.

**REP. BROWN** said he hated to legislate when it wasn't necessary, and that it sounded like it was a consensus to pass this through rules. **Mr. La Coure** said no, he felt they had to have the law in place, because it was different from anything that was in place. He added that he didn't want to have to negotiate with the Board of Athletics.

**REP. LAIBLE** asked **Mr. La Coure** what brought this bill forward. **Mr. La Coure** said he had several conversation with them on how to improve the rules, but he felt they needed legislation to keep them separate from the Board.

*{Tape : 3; Side : B; Approx. Time Counter : 10}*

**Closing by Sponsor:**

**SEN. BOHLINGER** thanked the committee for a good hearing and good questions.

**HEARING ON SB509**

**Sponsor:** **SEN. STEVE DOHERTY, SD24, GREAT FALLS**

**Proponents:** None

**Opponents:** None

**Opening Statement by Sponsor:**

**SEN. STEVE DOHERTY, SD24, GREAT FALLS,** said the bill provides tax incentives for the use of alternative fuels in vehicles, and a tax credit for the installation of alternative fuel apparatus. The alternative fuels include electricity, ethanol and blends of hydrogen. He noted the tax credit was limited to the amount of difference between the base price of the vehicle and the price after the fuel package was added, and would not cover the entire price of the vehicle. He said the bill should be an incentive for businesses to get a fleet of vehicles with alternative fuel and the bill would also help with air quality problems.

**Proponents' Testimony:** None

**Opponents' Testimony:** None

**Questions from Committee Members and Responses:**

**REP. BROWN** said he had a problem with the definition of alternative fuels. **SEN. DOHERTY** said alternative fuels are ones which help clean city campaigns. He said they already have tax incentives for conversions, and this bill applies to new vehicles.

**REP. BOOKOUT-REINICKE** asked if the tax exemption for service stations applied forever. **SEN. DOHERTY** said it was for 5 years.

**Closing by Sponsor:**

**SEN. DOHERTY** said he would try to get the proponents to come to them at the executive session. He said the bill is a reasonable proposal and needs a sponsor.

**EXECUTIVE ACTION ON SB514**

**Motion:** **REP. BOOKOUT-REINICKE** moved that **SB514 BE CONCURRED IN.**

*{Tape : 2; Side : B; Approx. Time Counter : 6.9}*

**Discussion:**

**REP. KEANE** moved an amendment to take out all of Section 1.

**Mr. Higgins** said in his opinion that does not affect the rest of the bill.

**REP. LAIBLE** said he thought this was a bill in progress, and the Keane Amendment would make the bill easier to handle for the present time.

**Vote:** Motion **carried unanimously. 19-0.**

**Motion:** **REP. KEANE** moved that **SB514 BE CONCURRED IN AS AMENDED.**

**Discussion:**

**REP. ROME** said these must be cash transactions to not be recorded.

**REP. HIMMELBERGER** said the problem is they are out-of-state transactions and do not get recorded in Montana.

**Vote:** Motion **carried unanimously. 19-0.**

**ADJOURNMENT**

Adjournment: 11:15 A.M.

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REP. JOE MCKENNEY, Chairman

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JANE NOFSINGER, Secretary

JM/JN

**EXHIBIT (buh74aad)**